

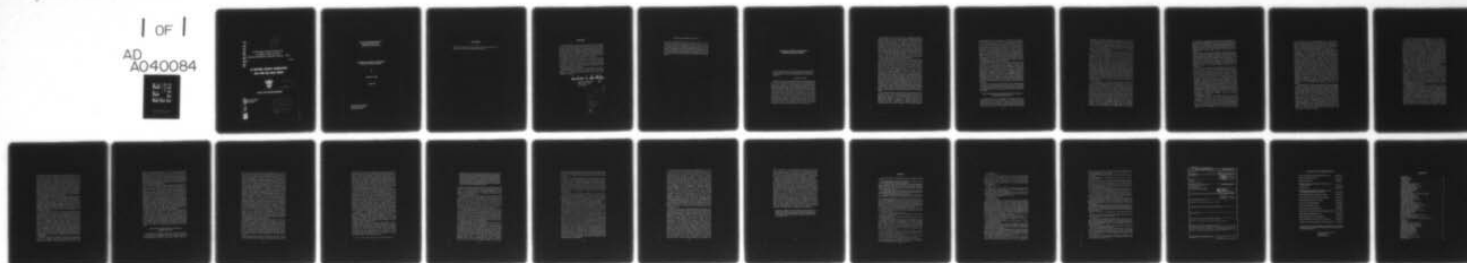
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**US NATIONAL SECURITY CONNECTIONS
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**STRATEGIC STUDIES INSTITUTE
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**US NATIONAL SECURITY CONNECTIONS
WITH IRAN AND SAUDI ARABIA**

by

Robert G. Irani

6 May 1977

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FOREWORD

This memorandum focuses on the development of US national security policies toward Iran and Saudi Arabia, in the framework of the strategic and economic significance of the Persian Gulf area. The author considers the year 1973 as marking a watershed in US relations with the Gulf states. He believes that changes that have occurred in the Gulf area since then mandate a reevaluation of US policies toward the area. The memorandum concludes with a consideration of the principal issues facing the United States in its relations with the Gulf states.

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This memorandum was prepared as a contribution to the field of national security research and study. As such, it does not reflect the official view of the College, the Department of the Army, or the Department of Defense.

DeWitt C. Smith Jr.

DeWITT C. SMITH, JR.
Major General, USA
Commandant

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BIOGRAPHICAL SKETCH OF THE AUTHOR

DR. ROBERT GHOBAD IRANI joined the Strategic Studies Institute in 1975. He graduated from Glenville State College with a bachelor's degree in history and social sciences, earned a master's degree in international relations from the School of International Service, the American University, and a second master's degree and a PhD in government and politics and international relations from the University of Maryland. Dr. Irani's professional background includes trips to both sides of the Persian Gulf and one year of field research as a Research Associate at the Institute for International Political and Economic Studies, Tehran, Iran. He has written several articles and monographs in Farsi and English for professional journals.

US NATIONAL SECURITY CONNECTIONS WITH IRAN AND SAUDI ARABIA

No arm of the sea has been, or is of greater interest, alike to the geologist and archeologist, the historian and geographer, the merchant, the statesman, and the student of strategy, than the inland water known as the Persian Gulf.

Sir Arnold Wilson, 1928¹

The shadow of peace and tranquility² that covered the Persian Gulf area for over a century was created by the policies of the British Empire in pursuit of the defense of its interests in the Indian subcontinent. British security policies were aimed at stifling the expansion of Tsarist Russian imperialism southward into Persia and toward the warm waters of the Persian Gulf. In this context, Persia (Iran) was a buffer against Russian expansionism.³ The demise of the colonial era, the rise of the United States and the USSR as the two superpowers, the independent movements in the Afro-Asian world, and a host of other factors in the post-World War II era led to drastic changes in the world and in the Persian Gulf area. However, the strategic and economic factors which rendered the Persian Gulf area crucial to the British still remain valid in the dynamic context of the national security interests of the United States and its allies, and such interests may increase in the future.

The Iranians refer to this body of water as *Khalije Fars* (Persian Gulf); the Arabs, in recent years, have renamed it *El Khalij al Arabi* (the Arabian Gulf). In this paper it will be referred to as the Gulf. For all practical purposes, the Gulf is a shallow enclosed body of water averaging a width of 100 miles and a length of about 500 miles, with a mean depth of 105 feet.⁴ The Gulf area is bordered on the north and northwest by Iran and Iraq, on the south by Kuwait, Saudi Arabia, Qatar, Oman, and the United Arab Emirates. The Bahrain archipelago is the only independent island state in the Gulf. Of the littoral states of the Gulf, Iran possesses the longest coastline, or about 720 miles of the total of 1,740. The remaining 1,020 miles of coastline are divided among the other states and include approximately 630 miles for the United Arab Emirates and 240 miles for Saudi Arabia.⁵

The principal significance of the Gulf and its littoral states lies in huge oil reserves and tremendous oil production. The Gulf area contains approximately 70 percent of the known oil reserves of the Free World and at present produces about 30 percent of the Free World's annual oil supply. The main producers are Saudi Arabia, Iran, Kuwait, and to a lesser extent Iraq. Japan depends upon the Gulf oil for about 85 percent of its internal consumption, Italy for 85 percent, West Germany for 60 percent, Britain for over 60 percent, France for over 50 percent, and the United States for over 11 percent upward.⁶ Although these percentages vary according to changing circumstances, they do illustrate the economic significance of the Gulf to the United States and its allies. The Gulf area will very likely continue to attract world attention as long as the West depends upon it for oil. The drastic increases in the price of oil have transformed the Gulf area into the financial center of the Middle East. Moreover, the use of oil as an economic weapon against Israel has focused Arab political attention to the Gulf area to such an extent that an American analyst of Middle Eastern politics claims that without doubt "the Arab political center of gravity is shifting from the East Mediterranean area to the Persian Gulf."⁷

The strategic significance of the Gulf area is related directly to the geopolitical value of the towering Iranian plateau, located on the southern tier of the Soviet Union, blocking direct Soviet access to the Indian Ocean. Because of its location, Iran became the center of Russo-British rivalries and intrigues on numerous occasions. The location of Iran and its utilization for logistical supply were the principal reasons for the Allied occupation of the country during the

Second World War. Iran's proximity to the USSR, and the historic Russian ambition to gain access to the warm waters of the Persian Gulf in order to expand its ability to project power and influence directly into the Indian Ocean, are crucial strategic factors that will continue to have relevance in evaluating Iran's significance in the East-West global geostrategic equilibrium, perhaps even long after the oil runs out. In addition, Iran is a recognized regional military, economic, and political power. It is pro-Western and has a history of close relations with the United States and historic suspicions of the aims and ambitions of the USSR. It is clearly the dominant littoral power in the Gulf and an avowed protector of the Strait of Hormuz, which the Shah considers the "jugular vein" of Iran. These factors add to the strategic, economic, and political significance of Iran to the West.⁸

Saudi Arabia possesses more oil reserves within its territory than any other country on earth; and because of its huge oil reserves, it will continue to have a long-range economic significance to the United States and its allies. Saudi Arabia is a major oil producer and the only oil producer in the Gulf area that can increase its production several-fold in the course of the evolution of its refining capacity and still have an abundance of reserves. It is a significant power in the Organization of Petroleum Exporting Countries (OPEC) and plays an influential role in the politics of the Arab world. The Saudis are anti-Communist, hold a "moderate" outlook toward politics within the Gulf area, remain the principal source of support for the United States in the Arab world, and have the potential to play a dominant role in the Red Sea.⁹

This paper focuses upon the development of US national security policies toward Iran and Saudi Arabia, in the framework of the strategic and economic significance of the Persian Gulf area, and touches upon the changing context of US policy in the area as a result of events in the early 1970's.

THE DEVELOPMENT OF US NATIONAL SECURITY POLICY TOWARD THE GULF AREA

The littoral Gulf states can be divided into the major states, Iran, Saudi Arabia, and Iraq; and the small states, the United Arab Emirates, Bahrain, Kuwait, Qatar, and Oman. US relations with the major states, particularly Iran and Saudi Arabia, are highly developed and these will be the center of focus in this analysis. US-Iraqi relations, which

potentially may improve considerably toward the end of the 1970's, remain rather cool and dormant at present. US relations with the small states of the Gulf area are quite recent in origin. So far, by and large, the United States has supported British protective policies in these states. However, in the mid-70's, Americans began to view the smaller states, e.g., Oman, Bahrain, Kuwait, in the light of the expanding Western attention toward the area.

George Lenczowski describes US policy toward the Middle East prior to 1941 as "one of indifference, good will" and a recognition that this region was a part of the British sphere of influence.¹⁰ To that time, Americans had only a toehold in the oil business in the area, while the British were firmly established. The American economic interest focused principally on the production of oil in Saudi Arabia and to some extent in Iraq and Bahrain. American missionaries were active in Iran and Iraq. They established well-known American colleges in Baghdad and Tehran and their graduates gained high stature in the governments in both countries. The American Presbyterian missions in Iran actively combined medical, charitable, and educational assistance with religion. Despite these efforts, basic US policy toward the Gulf states remained undefined. The participation of the United States in the Iranian theater during World War II and the growing realization of the economic and strategic importance of this area were influential in engendering US national security interests in the Gulf area and in refining American policies in the Gulf states toward the enhancement of those interests.

The establishment of the Persian Gulf Command constituted the most extensive single American military involvement in the Gulf area during the Second World War. It was associated with the American Army's presence of approximately 30,000 noncombatant troops, who arrived in Iran in 1942-43 with the objective of facilitating wartime Allied aid operations to the Soviet Union via Iran. There was a need to build harbors on Iran's coast on the Persian Gulf, to repair roads, build airstrips, and to takeover and operate the Trans-Iranian railway. Major General Donald H. Connolly headed the Persian Gulf Command and established his headquarters at Amirabad, adjacent to Tehran. The work done by the Persian Gulf Command was an explicit illustration of speedy, efficient, and outstanding achievement. The command developed the ports of Khorramshahr, Bandar Shahpur, and Bandar Abbas in Iran and established the Abadan airport. The American qualities of speed and efficiency were clearly evident in the works of

the Persian Gulf Command and must have left a lasting impression on the Iranian people. The Persian Gulf Command was responsible for the delivery of over 4,380,440 tons of American-made goods to the Soviet Union via Iran. The Americans utilized the Trans-Iranian Railway to maximum capacity. As a result, over 145,000 vehicles and as many as 3,500 airplanes, including 1,400 bombers, were delivered to the Soviets.¹¹

By 1944 some of the prominent officials in the State Department's Division of Near Eastern Affairs advocated that US policy and position in Iran should not be permitted to regress to its prewar status.¹² But most important were President Franklin D. Roosevelt's support for Iran and his pronouncements that reassured its territorial integrity and independence. To many Iranians, the elevation of the US Legation in Tehran and the Iranian Legation in Washington to Embassy status was another indication of the growing rapport between Tehran and Washington.

In contrast, Iran's relations with the USSR have been scarred by the historic attempts on the part of the imperialist Tsarist Russians to engulf and absorb Iran's territories. For nearly 300 years, conflicts raged between Russia and Persia, particularly over the areas surrounding the Caspian Sea (Daryaye Khazar). The Russian annexation of what is today Azerbaijan, S.S.R. from Persia is an example. The Soviets also continued to create problems for Iran by instigating rebellions and insurgencies inside Iran. The Soviet-supported "republics" of Gilan, Azerbaijan, and Mahabad are constant reminders to Iranians of Soviet ambitions and interests in this country. The Azerbaijan crisis, 1945-46, in Iran was directed, aided, and abetted by Moscow. It was one of the most important post-World War II eruptions, playing a crucial role in opening the eyes of Western leaders to the growing menace of Soviet expansionism. Through the Azerbaijan crisis Iran played a contributing role toward the embryonic formation of the US policy of containment,¹³ expressed by President Truman in the Truman Doctrine, March 12, 1947.¹⁴

The Truman Doctrine was welcomed by the Iranians as an explicit commitment on the part of the United States to contain Soviet expansionism and to insure Iran's territorial integrity against Soviet encroachments. In the case of Iran, it was followed by the extension of US military assistance and economic aid under the Mutual Defense Assistance Act, and subsequently by the extension of the Point Four Program.¹⁵ The latter applied to all of Iran, reaching small and distant

towns and villages such as Zabol and Malek Heydari. American advisors arrived at distant villages in all the remote provinces and left a good image of America. In the same period, the Soviets continued their attacks on the Shah, the Iranian government, and Iran's pro-Western policies, while the United States encouraged Iran to modernize.

The early 1950's witnessed the rise and fall of Mohammed Mossadeqh, the Iranian Premier during whose administration the nationalization of the Anglo Iranian Oil Company (AIOC) took place. The Mossadeqh era was marked by the creation of an international uproar over the nationalization of oil and Iran's domestic scene witnessed economic chaos and widespread political unrest. The Communist (Tudeh) Party was revived, and as a result of domestic disorders many innocent people lost their lives. As usual the Tudeh carefully disguised their Communist objectives behind slogans of anticorruption, pro-land reform, and antifeudalism in order to gain mass support and to fuel disruptive forces in the country. The fall of Mossadeqh in 1953 ended a chaotic era in Iran's history. The Shah's welcome return to power heralded a new era in Iran and thereafter the leadership was more determined than ever to free the country from the disruptive Communist forces from within and to introduce needed large-scale reform. The Communist Party remains outlawed and the government displays little, if any, toleration of Communists and disruptive pro-Communist radicals. The establishment of the oil consortium in 1954 expanded American economic interest in Iran's oil, while prior to 1954 the British were dominant in the country's oil industry.

The establishment of NATO and its inclusion of Turkey and Greece provided an impetus for the encouragement of an alliance in the Middle East that would include the Arab world.¹⁶ Principal Arab countries such as Egypt, however, failed to perceive a threat from the USSR, a distant land which had not in the past threatened the Arab world. The Arabs perceived a direct threat from resurgence of colonialism and from Israel, and therefore did not support US initiatives to establish an alliance system in the Middle East. As a result, the United States concentrated its efforts on the area adjacent to the USSR, the so-called northern tier countries of the Middle East. Pivotal in this setting, from a geographic perspective, is Iran. The alliance began with the formation of the Baghdad Pact, which also included Iraq—an Arab country—in addition to Turkey and Iran. Pakistan also joined the alliance, Great Britain was an observer, and the United States became a full participant, but not a formal member.¹⁷

The 1956 Suez Crisis drastically improved the image of Nasser, the role of Egypt, and Nasserism in the Middle East. It was a boost for the radical and revolutionary forces in the Middle East and threatened the continued survival of the moderate, established regimes of the area. The efforts engineered by Egypt toward Arab unity were viewed with alarm, even among the Arab world and a "cold war" of a sort was brewing between the traditional Arab regimes and the new "revolutionary" governments in the area. It signaled a new threat from within the region that was aimed toward disruption of the moderate regimes and contributed toward the development and enunciation of the Eisenhower Doctrine, a blanket policy that covered the Middle East against any threat, including those that could emanate from within the region. Iraq welcomed the Doctrine, while Saudi Arabia voiced no objections. However, Egypt, Syria, and the revolutionary Arabs identified it with US support for status quo regimes in the region, and the US intervention in Lebanon in 1958 furthered this view.¹⁸

The spread of radicalism was viewed with alarm in the Gulf area. The Gulf states considered radicalism a potent and immediate threat, and the 1958 bloody coup in Iraq enhanced the immediacy of the threat. Iraq withdrew from the Baghdad Pact. The coup stunned the Gulf states and led to the renaming of the Pact as the Central Treaty Organization (CENTO). Of greater significance to interstate politics in the Gulf area was the introduction of a local revolutionary force—Iraq. Thereafter, the threat from indigenous forces began to have greater relevance to the Gulf states than the historic threat of Soviet expansionism. On March 4, 1959, the United States and Iran signed a bilateral agreement by which the United States agreed to assist in resisting aggression aimed at Iran.¹⁹

The 1960's marked a drastic inroad by the USSR into Egypt and Iraq. Soviet-Iranian economic relations were improved and the cold war era withered away in the 1960's, at least in the perception of the countries adjacent to the USSR. The result was a reduced emphasis upon the Soviet threat which eroded CENTO's military significance and led to the increased cultural, economic, and communication importance of CENTO via the Regional Cooperation and Development (RCD) arrangement. Under the dynamic leadership of the Shah, Iran developed rapidly. By 1966, the United States no longer considered Iran a "less-developed country." As such, it was no longer eligible to receive US aid and military assistance. Hereafter Iran began to buy American military hardware under Foreign Military Sales.²⁰ The British

proclamation in 1968 to withdraw its forces from the Gulf by 1971, the increased revolutionary activities in the Arabian peninsula, the state of hostilities between Iran and Iraq, and the encouragement of the United States that, in accord with the Nixon Doctrine, regional states should be strengthened— all contributed to the development of a sense of commitment in Iran to defend its national interests in the Gulf, to expand its armed forces to assure that the oil route via the Strait of Hormuz would not be disrupted, and to maintain stability in the Gulf area after the British withdrawal. The US policy of open Foreign Military Sales to Iran greatly assisted in building Iran's capability to defend its interests in the area.²¹ The early 1970's witnessed close ties between Iran and the United States in the Gulf area and between Iraq and the USSR. US-Iraqi relations were dormant.

US relations with the lower states of the Gulf, principally with Saudi Arabia, date back to 1933 when the Standard Oil Company of California obtained a 60-year concession from the Saudi government that covered a huge portion of eastern Arabia. In 1934, a Texas company joined in the enterprise and later on it became known as the Arabian American Oil Company (ARAMCO). The US interest in the Arabian peninsula was economic and was promoted by the oil companies, since the US Government did not have a legation in Saudi Arabia prior to 1943.²²

In order to link Cairo with Karachi, in 1943, the US Joint Chiefs of Staff (JCS) sought an airbase in Saudi Arabia, primarily because the Abadan airbase in southwestern Iran, then under the control of the US Army's Persian Gulf Command, could not handle both transit to the USSR and also serve as a link to Karachi. The JCS selected Dhahran, the center of ARAMCO operations. In the same year the first US legation was established in Jiddah. The Saudis agreed to a 3-year use of Dhahran by the US military and at the end of that period the airbase was to be returned to the Saudis. Dhahran was the largest and one of the best equipped US airbases overseas, outside of the Axis-occupied areas. The principal event in US-Saudi relations during World War II, however, was the meeting between President Roosevelt and Ibn Saud in February 1945 in Egypt, when the President was returning from the Yalta Conference. In 1949, the US Legation in Jiddah was elevated to an Embassy.²³

The 1950's witnessed an expansion of US-Saudi ties, particularly in the fields of commerce and technical assistance. The Point Four Program was extended to Saudi Arabia and Americans built various

facilities in Saudi Arabia, including a railroad between Dammam and Riyadh. The Dhahran airbase was continually re-leased to the US military during the 1950's. Saudi civilian planes were allowed to use its facilities and Americans agreed to train Saudi pilots at Dhahran. Saudi Arabia had become a part of the US sphere of influence. Saudi kings were firmly pro-United States and were held in high esteem by the US officials. King Saud visited the United States in 1957 where he was well received by President Eisenhower.

The 1960's were marked by changes in Saudi-American relations. In 1961, as a result of inter-Arab politics, the Saudis declared that the Dhahran agreement would not be renewed upon its expiration on March 12, 1962.²⁴ The Arab-Israeli dispute, King Faisal's views regarding the dispute, and US support for Israel eroded the foundations of US influence in Saudi Arabia as well as in the rest of the Arab world. While US technical, economic, and military ties with Saudi Arabia were strengthened and American military assistance to this country was established on a permanent basis through the presence of US military missions, the 1967 Arab-Israeli War and the Arab defeat drastically reduced US influence in the Arab world and led to increased ties between Saudi Arabia and the Arab world. *These phenomena continued* throughout the 1960's and early 1970's. The Arab defeat increased their will to continue the struggle against Israel, and added to the resentment in the Arab world toward US support for Israel.

US relations with the small states of the Gulf have been supportive of British policies and efforts to protect their independence and territorial integrity. Bahrain, Kuwait, Qatar, Oman, and the newly formed United Arab Emirates were protected by the British. The US presence in Bahrain via the US Middle East Force is an expression of US interest in the Gulf and a symbolic show of the flag. The United States has continually expanded its diplomatic relations with the small states of the Gulf. Today, the United States has Embassies in all of these states,²⁵ which also have ambassadorial-level missions in the United States.

THE UNITED STATES AND THE GULF STATES DURING THE 1970'S

In a global context, the policy of detente has been a principal factor in the dynamics of US-USSR power politics during the 1970's. It encouraged East-West relaxation of tensions on a global scale. In the

Gulf, under the rubric of detente, the USSR expanded its commercial and economic ties with Iran while simultaneously siding with its client—Iraq. In the Indian Ocean, the Soviet Union expanded its naval presence and sought port visitation and base rights in a number of countries. USSR support for India and opposition to the PRC drew the Soviet Union and India closer together, while Pakistan and the PRC viewed it to their mutual interest to support each other's policies and interests, partly to negate the USSR-Indian ties. In opposition to the growing Soviet-Indian-Bangladesh triangle and encirclement, Pakistan and the PRC found grounds for cooperation. Iran was indirectly involved in this setting. In order to recognize Iran's interests in Gulf stability, the PRC withdrew its support for the Popular Front for the Liberation of the Arabian Gulf (PFLOAG) operating in Dhofar, Oman. Despite its ideological support for the PFLOAG, the Soviet Union—in order to improve its economic ties and keep the Iranian government content—withdrawed its overt support for the PFLOAG and instead decided to use the Arab radicals to covertly support the Dhofaris. Thereafter, PFLOAG was renamed Popular Front for the Liberation of Oman (PFLO).²⁶ The Soviet Union and the pro-Soviet forces appeared to be gaining while the Western presence and influence seemed to deteriorate considerably. The US involvement in Vietnam came to an end; the United States was inactive in Cyprus; and the decisionmaking process via the continued executive-legislative equation seemed paralyzed to many decisionmakers in the Middle East, who wondered whether America could continue to defend and protect its long-range security interests in light of the domestic political constraints imposed upon it. Overall there seemed to be a reduced credibility with respect to the US willingness to assist its friends abroad.

The Soviet Union has verbally supported the extension of detente to the Middle East, insisting that conflict in this region is not in the interest of world peace. But in the Gulf, the Soviets were somewhat surprised by the degree of accommodation between Iran and Iraq on the resolution of the Shatt al-Arab dispute in 1975.²⁷ Prior to the October 1973 War, and despite the rhetoric of supporting the policy of detente, the Soviet Union consistently encouraged the Arabs to utilize oil as a weapon against what Moscow called the "imperialist powers." The OPEC was hailed as an "anti-imperialist" force in international politics.²⁸

The oil embargo at the height of the October 1973 War, coupled with an announced cutback in production, surprised the Western world,

despite ample warning of an impending oil shortage provided by prominent Americans, such as the former Ambassador to Saudi Arabia, James E. Akins, and a number of people in Congress and the oil industry. Prior to the October War, Akins predicted increases in the price of oil were inevitable,²⁹ and ample evidence supported his thesis. Nevertheless, 1973 marks a watershed in US relations with the Gulf states. The changes that have resulted in the Gulf area since 1973 are so drastic that they require a thorough reevaluation of US policies toward it. The remaining portion of this paper touches upon the principal issues facing the United States in its relations with the Gulf states.

One of the issues that affects US national security policy toward the Gulf states is the question of a US military intervention to secure access to Arab oil in the Gulf area. Secretary Kissinger's interview with *Business Week*, stating that, under "some actual strangulation of the industrialized world," the United States might intervene militarily in the Gulf area to secure Western access to the Gulf oil, became an instant sensation around the globe, despite the fact that President Ford considered the military intervention issue as "hypothetical" and Secretary of Defense Schlesinger stated the realities of US military capability which makes such an intervention "feasible." The issue of US intervention stirred Western Europe. One high ranking West German remarked that it reminded him of "gunboat diplomacy." Another West German government spokesman pointed out that West Germany is "... not interested in confrontation with the oil countries, but rather in cooperation..." *Le Monde* was also negative toward the idea of intervention. *Pravda* attacked Kissinger's statement by calling it "a policy of blackmail, threats, and intimidation" and a clear contradiction to detente.³⁰ It evoked strong criticisms in the Arab world. In the Gulf area, it was viewed as a rhetorical means to pressure the OPEC to reduce the price of oil.³¹

Direct military intervention in today's world appears to have a diminishing value as a means of achieving national security objectives. Its direct use by the superpowers, in particular, needs to be evaluated carefully and considered with the utmost caution in the volatile Middle East where both the United States and the USSR have explicit, recognized, and at times, conflicting interests. In this regard it is worth remembering Dwight Eisenhower's views, as expressed to Anthony Eden on September 2, 1956. Eisenhower stated:

... The use of force would, it seems to me, vastly increase the area of

jeopardy. I do not see how the economies of Western Europe can long survive the burden of prolonged military operations as well as the denial of Near East oil. Also the peoples of the Near East and North Africa and, to some extent, of all of Asia and all of Africa, would be consolidated against the West to a degree which, I fear, could not be overcome in a generation and, perhaps, not even in a century particularly having in mind the capacity of the Russians to make mischief. Before such action were taken, all our peoples should unitedly understand that there were no other means available to protect our vital rights and interests.³²

In the future, the United States should consult to a greater extent with its allies on issues affecting their interests, as well as those of the United States. As one author points out, "oil and the Middle East, as was shown in 1956 and again in 1973, are potentially among the disruptive issues in the Western alliance."³³

The arms buildup in the Gulf area began in 1972, when Iran ordered nearly \$2 billion worth of advanced fighter bombers. The Iranian arms purchases became a sensational press issue in the United States and gained further publicity as a result of the 1973-74 oil price increases. Since 1973, Iran has purchased over \$7.5 billion worth of arms from the United States. The arms buildup by Iran in the Gulf area is generally characterized in the Western press within the setting of tensions, rivalries, and possible sources of conflict in the area.³⁴

As Rouhallah Ramazani points out, Iran's arms buildup in the Gulf area can only be understood in "historic perspective,"³⁵ and in relation to Iran's perception of the growing threat emanating from the radical forces in the area in the 1960's and in response to the British decision to withdraw its forces from the Gulf by 1971. Iran relies principally upon the Gulf to export its oil to the West. The safety of the oil route via the Gulf is of vital strategic significance to Tehran and has contributed significantly to Iran's arms buildup.

The principal supplier of arms to the Gulf states is the United States. The USSR, Britain, and France also supply arms to the area, but trail far behind the United States. Additionally, the PRC, Italy, and Czechoslovakia provide a limited supply of arms to the region.³⁶ With the exception of a minor arms industry in Iran, there are none in other Gulf states. Therefore, the Gulf states are totally dependent on outside powers for arms. In addition, the availability of petrodollars contributes to arms transfers to the area.³⁷ As long as Tehran, Riyadh, and Baghdad place priority on expanding their defense capability, Washington alone cannot successfully curtail arms transfers to the Gulf area, since there are other arms suppliers willing to fill the gap.

However, this does not deny the impact that domestic US politics could have on Foreign Military Sales or the need to evaluate arms sales to all the Gulf states in the light of long-range US security interests toward the area.

The US Foreign Military Sales Program is without peer in the world. It includes a host of high quality materiel from uniforms to missile systems along with a sophisticated training program, technical advisory program, construction services, and available spare parts. The program yields numerous advantages to the recipient states, and, in the United States, it keeps the production base operational and contributes toward reducing the cost of production per unit. However, its principal importance lies in increasing US influence with the recipient governments.³⁸

The principal concerns of the United States in the Gulf area are based upon the increasing dependence of the United States, Western Europe, and Japan on Gulf oil;³⁹ the need to insure the safety of the LOC's and the choke-points in the Indian Ocean's oil routes; and the continued concern over the possibility of a future oil boycott by the Arab oil producers, as well as the increases in oil prices by OPEC.

In the Arab-Israeli context, Iran has consistently opposed the use of oil as a political weapon. Iran's active encouragement to increase the price of oil could not have succeeded without the support of the Arabs and the OPEC. In addition, Iran continued the flow of oil to the United States and the West despite the Arab oil boycott during the 1973 Arab-Israeli War and the Western world has been assured of the continued flow of Iranian oil as a result of the 1973 agreement between Iran and the oil consortium.⁴⁰ Iranian leadership perceived the increases in the price of oil necessary, in part, to face the growing inflation exported into Iran from the West and to provide the financial means in order to carry out the massive development projects that are viewed crucial to its survival and well-being after the oil runs out and when Iran's population exceeds 65 million. Since 1973 Iran and the other Gulf states have provided aid and loans to the developing and the industrialized countries, particularly to the Middle Eastern states, and actively have called for a dialogue between the industrialized, and the developing countries.⁴¹ The Gulf states realize that their economic and political well-being is tied directly to that of the Western industrialized world; and the United States realizes that the West depends upon Gulf oil for its economic well-being. The relationship is mutual and so is the understanding of this relationship.

Saudi Arabia is in a unique position regarding all aspects of Gulf oil. It has the capacity and the reserves to double and triple its oil production by the end of the 1970's.⁴² Present projections indicate an increasing demand in the West for Gulf oil. On this basis, it is highly likely that the United States and Western interactions with Saudi Arabia will increase. In addition the Saudis, as a result of their sparse population and abundant wealth, have a unique and influential role in the politics of the Arab world. Saudis can afford to provide large-scale aid and assistance to other Arab states and will continue to remain the most influential factor in the Organization of Petroleum Exporting Countries (OAPEC) and in the Organization of Petroleum Exporting Countries (OPEC).⁴³ Therefore, the existence of a moderate pro-Western Saudi position is a principal factor in securing and assuring US interests in the Gulf and Arab world. Any threat to Saudi sovereignty should be viewed with significant concern in the West. For example, a coup d'etat in Saudi Arabia which may seat a radical anti-Western military junta is one of the greatest long-range dangers facing the Saudi rulers in the future. However, a more immediate threat to continued uninterrupted Western access to the Arab oil in the Gulf area emanates from developments in the eastern Mediterranean, where another Arab-Israeli war or lack of a satisfactory settlement of previous disputes in the area could disrupt the flow of Arab oil from the Gulf area to the West.

Finally, the Gulf states are undertaking massive development plans which require a substantial increase in the presence of technicians from the industrialized world. For example, the Saudis plan to import about 500,000 foreign skilled and semiskilled workers to implement the huge development plan underway in the country.⁴⁴ Iran is ahead of the Saudis in drastically changing its socioeconomic character and other Gulf states are taking similar measures, but on a smaller scale. The establishment of the US-Saudi Joint Commission in June 1974, to evaluate the economic and security needs of Saudi Arabia, coupled with the existence of a pro-American business climate in Saudi Arabia, presents a unique opportunity and a challenge to American business enterprises to assist in modernizing Saudi Arabia.⁴⁵ The presence of Americans in the Gulf states will expand substantially in the late 1970's and will have an impact on US policy toward the area. The Gulf states need to invest some of their petrodollars in the West and it is highly likely that the United States will expand its initiatives to encourage such investments in this country. In addition, Iran realizes the sensitivity of the Lower Gulf states toward her role in the Gulf. As a

result, the Iranians are careful with regard to their actions in the area. Iraq's moderation since the resolution of the Shatt al-Arab issue, coupled with the likelihood of expanded Saudi leadership in the affairs of the Gulf area, can substantially change the politics of the area in the late 1970's. The Gulf states should be encouraged by the United States to improve their relations and to cooperate in insuring Gulf stability.

Ideally, both the United States and the USSR must improve their understanding of the rapid and complex changes that are taking place in the Gulf area; should mutually agree to encourage moderate, pragmatic, and farsighted leaders in the area; and play a more sagacious role in *their relations between the Arabs and the Israelis on the one hand, and between the Arabs and the Iranians on the other.* However, considering the past history of US-USSR rivalry in the area, it is easy to project dilemmas as a result of differences in the policies pursued by the superpowers which would contribute to instability and polarization of politics in the Gulf area. Today, in addition, events in the Gulf area are inextricably linked with those in the Arab-Israeli setting and this linkage will provide perplexing problems for Washington in the late 1970's. Moreover, the USSR potentially may capitalize upon the West's failure to come to grips with policies that are geared to protect and defend the West's diverse and often contradictory interests in the Gulf and in the Arab-Israeli theater. President Ford has aptly summed the centrality of the Middle East to the Western world by stating:

The interests of America as well as our allies are vitally affected by what happens in the Middle East. So long as the state of tension continues, it threatens military crisis, the weakening of our alliances, the stability of the world economy, and confrontation with the nuclear superpowers. These are intolerable risks.⁴⁶

ENDNOTES

1. Sir Arnold Wilson, *The Persian Gulf*, London: George Allen and Unwin, 1954, p. 1.
2. A Persian aphorism representing an appreciation for shadow's cool and tranquil setting as opposed to the heat of the desert sun.
3. For a scholarly study on Russo-British rivalry, see Firuz Kazemzadeh, *Russia and Britain in Persia, 1864-1914: A Study in Imperialism*, New Haven: Yale University Press, 1968. See also another valuable work by Richard W. Cottam, *Competitive Interference and Twentieth Century Diplomacy*, Pittsburgh: University of Pittsburgh Press, 1967.
4. Ezatollah Naimie, *How to Develop Fishing in the Persian Gulf and the Sea of Oman Region* (mimeographed, n.d.). See also Sir Rupert Hay, *The Persian Gulf States*, Washington, DC: Middle East Institute, 1959, pp. 1-4.
5. Food and Agriculture Organization (FAO), *Report to the Government of Iraq on Possibilities of Developing the Sea Fishing Industry*, Rome, Italy: 1966, p. 23.
6. Although approximations, these percentages are provided in order to reflect the economic significance of the Gulf. It is noteworthy that the total Arab oil reserves in the Middle East constitute over 60 percent of the total reserve of the Free World. In 1974 about 42 percent of the daily oil production in the Free World came from the Arab countries, excluding Iran. See Emile A. Nakhleh, *The United States and Saudi Arabia: A Policy Analysis*, Washington, DC: The American Enterprise Institute for Public Policy Research, 1975, p. 9.
7. Enver M. Koury, *Oil and Geopolitics in the Persian Gulf: A Center of Power*, Beirut: The Catholic Press, for the Institute of Middle Eastern and North African Affairs, 1973, p. 55.
8. *Kayhan International*, March 24, 1975, p. 3.
9. For an informative account see Emile Nakhleh, *The United States and Saudi Arabia: A Policy Analysis*.
10. George Lenczowski, *The Middle East in World Affairs*, New York: Cornell University Press, 1962, p. 671.
11. Ghobad Irani, "American Foreign Policy in Iran, 1941-1944: An Analysis of the Background Leading to the Development of a Long Range Committed American Policy Toward Iran," *International Relations*, Center for International Studies, University of Tehran, No. 2, Winter 1974-75, pp. 35-64. For a classic study on the Persian Gulf Command see, US Army, Office of the Chief of Military History, *United States Army in World War II, the Middle East Theater: The Persian Corridor and Aid to Russia*, by T. H. Vail Motter, Washington, DC: US Government Printing Office, 1952.
12. John D. Jernegan of the Division of Near Eastern Affairs, for example, strongly recommended the policy advocacy that Iran must be strengthened if it is to survive as an independent, sovereign state. See, *Foreign Relations of the United States, Diplomatic Papers, 1943, Vol. IV*, p. 333.
13. Ghobad Irani, *The Azerbaijan Crisis, 1945-1946: An Options Analysis of US Policy*, College Park: University of Maryland, PhD Dissertation, 1973.
14. For an account of the developments in this period see, *A Decade of American Foreign Policy: Basic Documents, 1941-49*, S. Doc. 123, Washington, DC: US Government Printing Office, 1950, pp. 1253-1257.

15. Lenczowski, p. 201.
16. *Ibid.*, p. 675.
17. *Ibid.* The Baghdad Pact was signed in February 1955 between Iraq and Turkey. Iran and Pakistan joined the Pact later in 1955 and the United Kingdom joined as an observer in 1955. The United States associated itself with the Pact's activities in 1956. See Robert C. Kingsbury, *An Atlas of Middle Eastern Affairs*. New York: Praeger, 1963, p. 110. See also Central Treaty Organization, Public Relations Division, *CENTO*, Ankara: Turkey, n.d., for more detailed information on this organization.
18. Lenczowski, p. 675.
19. *Ibid.*
20. Farid Abolfathi, "Arms Transfers in the Persian Gulf (1965-1985)," CACI, Inc., Arlington, VA. Paper presented at the 1976 International Studies Association Convention, Toronto, Canada, p. 10.
21. For an Iranian account see, Shahram Chubin and Sepehr Zabih, *The Foreign Relations of Iran: A Developing Country in a Zone of Great Power Conflict*, Berkeley: University of California Press, 1974.
22. Lenczowski, pp. 550-551.
23. *Ibid.*, p. 552.
24. *Ibid.*, pp. 552, 567.
25. See John D. Anthony, "The United Arab Emirates and the Individual Emirates," in *Arab States of the Lower Gulf: People, Politics, Petroleum*, Washington, DC: The Middle East Institute, 1975, pp. 97-172 for an excellent account of internal changes in the UAA's. The small US Middle East Force stationed in Bahrain remains there under an executive agreement concluded with Bahrain on December 23, 1971. This agreement, among other things, regulates the status of naval personnel ashore, preserves access to a pier at Al Manamah and to warehousing, communications, recreational and cold storage facilities. For the full text of the agreement see, *Deployment in Bahrain of the US Middle East Force: Agreement Between the United States of America and Bahrain*, Treaties and Other International Acts Series (TIAS), No. 7263, 1971.
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29. Speech given by James E. Akins, American Ambassador to Saudi Arabia entitled "United States Energy Policy, the World Energy Scene and Saudi Arabia's Unique Role," before the Refiners Association of America, Colorado Springs, Colorado, September 28, 1974, pp. 1-3.
30. Leslie H. Gelb, "Why Did Mr. Kissinger Say That?," *The New York Times*, January 19, 1975, p. E5; "Kissinger's Talk of Force Over Oil Stirs the Germans," *The New York Times*, January 6, 1975, p. 3. Moscow's reactions are quoted by Vladimir Petrov, *US-Soviet Detente: Past and Future*, Washington, DC: American Enterprise Institute for Public Policy Research, 1975, p. 40.
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33. Peter Mangold, "Force and Middle East Oil," *The Round Table*, Issue 261, January 1976, p. 100.

34. Abolfathi, "Arms Transfers in the Persian Gulf (1965-1985)." See also, "US Arms to the Persian Gulf: \$10 Billion Since 1973," *The Defense Monitor*, Washington, DC: Center for Defense Information, Vol. 4, No. 3, May 1975; and US Congress, House Committee on International Relations, *The Persian Gulf, 1975: The Continuing Debate on Arms Sales*, Hearings before the Subcommittee on Investigations, June 10-July 29, 1975.

35. See *The United States and the Middle East: Changing Relationships*, The 29th Annual Conference of the Middle East Institute, October 3-4, 1975, p. 26.

36. Abolfathi, "Arms Transfers in the Persian Gulf (1965-1985)," pp. 9-10.

37. *Ibid.* Abolfathi draws a correlation between the increasing wealth and substantial increases in the arms buildup in the Gulf. For another comprehensive account see Dale Tahtinen, *Arms Race in the Persian Gulf*, Washington, DC: The American Enterprise Institute for Public Policy Research, 1974.

38. This is not to deny the problems that are posed by the arms transfers to the Gulf states. For an account of this complex matter see "US Arms to the Persian Gulf: \$10 Billion Since 1973." See also Edward M. Kennedy, "The Persian Gulf: Arms Race or Arms Control?," *Foreign Affairs*, Vol. 54, October 1975, pp. 15-35.

39. William D. Smith in "Arab Part of Oil Import by US More Than in '73," mentions that the US dependence upon what he calls Arab oil increased from 8 percent in 1973 to 11 percent in 1976. It is not clear whether he includes Iranian oil in the category of Arab oil mistakenly or not. See *The New York Times*, March 29, 1976, p. 45.

40. *The United States and the Middle East: Changing Relationships*, pp. 26-27.

41. Maurice J. Williams, "The Aid Program of the OPEC Countries," *Foreign Affairs*, Vol. 54, No. 2, January 1976, pp. 308-24.

42. Akins, p. 17.

43. Some tend to confuse OPEC and OAPEC. OAPEC, which is made up of the Arab oil producers, has been the source of oil embargoes in the past—not OPEC. OPEC includes the Arab oil producers, as well as non-Arab states such as Iran and Venezuela. OAPEC includes all the Arab members of OPEC, plus Bahrain, Syria, and Egypt.

44. See the text of Farouk Akhdar of Saudi Arabia in *The United States and the Middle East: Changing Relationships*, p. 49.

45. For an appreciation of the massive Saudi development project, which includes defense as well as the nonoil sectors of its economy see, US-Saudi Arabian Joint Commission on Economic Cooperation, *Summary of Saudi Arabian Five-Year Development Plan (1975-1980)*, Washington, DC: Department of the Treasury, 1975.

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